

<p style="text-align: center;">2006 - 2007 ANNUAL REPORT</p>
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I. GENERAL FUND

This section of the Annual Report summarizes the performance of the General Fund and is broken down into the following sections:

Results of Operations in the General Fund – This section provides data on the overall status of the General Fund for 2006-2007. It includes the following: a chart that compares the General Fund modified budget and actuals for revenues, expenditures and fund balance; and a chart that compares the General Fund revenue, expenditure and fund balance actuals to the estimates used in developing the 2007-2008 Adopted Budget.

General Fund Revenue Performance – This section provides detail on the actual 2006-2007 General Fund revenue collections. This section includes a chart that compares the 2006-2007 modified budget to the actuals for each of the General Fund revenue categories. This chart is followed by a discussion of the performance in each category that includes an explanation of variances from modified budget and a comparison of the actual revenues to the 2005-2006 collections to indicate collection trends and to provide historical perspective.

General Fund Expenditure Performance – This section provides detail on the actual 2006-2007 General Fund expenditures. This section includes an overview that compares the 2006-2007 modified budget to actuals as well as the 2006-2007 year-end estimates to actuals for the major expenditure categories. The review of the General Fund expenditure performance includes a chart that provides additional detail on the 2006-2007 modified budget and actual expenditures by individual department and the non-departmental categories. In addition, this section includes a discussion of significant departmental variances, highlights of non-departmental expenditures and variances, and a review of overtime expenditures.

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RESULTS OF OPERATIONS IN THE GENERAL FUND

The General Fund ended the year in a stable position. A final available ending fund balance of \$247.6 million was realized, as reflected in the following table:

GENERAL FUND BUDGET TO ACTUAL COMPARISON FOR THE YEAR ENDED JUNE 30, 2007 (\$000s)

	Revised Budget	Budgetary Basis Actual	Variance
<i>Sources</i>			
<i>Beginning Fund Balance*</i>	234,542	234,542	-
<i>Liquidation of Carryover Encumbrances</i>	-	1,238	1,238
<i>Subtotal</i>	234,542	235,780	1,238
<i>Revenue</i>	807,193	805,961	(1,232)
<i>Total Sources</i>	1,041,735	1,041,741	6
<i>Uses</i>			
<i>Personal Services</i>	557,497	543,684	13,813
<i>Non-Personal/Equipment/Other</i>	116,869	105,817	11,052
<i>City-Wide Expenses</i>	150,214	102,494	47,720
<i>Capital Contributions</i>	28,970	12,657	16,313
<i>Transfers</i>	29,459	29,459	-
<i>Reserves</i>	158,726	-	158,726
<i>Total Uses</i>	1,041,735	794,111	247,624
 <i>Available Ending Fund Balance</i>		247,630	247,630

* Includes an Encumbrance Balance of \$26.4 million

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RESULTS OF OPERATIONS IN THE GENERAL FUND (CONT'D.)

The actual ending fund balance of \$247.6 million exceeded the estimated ending fund balance level by approximately \$42.2 million. The elements of that variance are illustrated in the following comparison of estimate to actual chart. The estimated fund balance column represents the projections used to formulate the Beginning Fund Balance amount, included as a source of funding in the 2007-2008 Adopted Budget.

2006-2007 GENERAL FUND ENDING FUND BALANCE ANALYSIS (\$000s)

	Estimate	Budgetary Basis Actual	Variance
Sources			
<i>Beginning Fund Balance*</i>	234,542	234,542	-
<i>Liquidation of Carryover Encumbrances</i>	1,000	1,238	238
<i>Subtotal</i>	235,542	235,780	238
<i>Revenue**</i>	807,193	805,961	(1,232)
<i>Total Sources</i>	1,042,735	1,041,741	(994)
Uses			
<i>Expenditures**</i>	806,408	764,652	41,756
<i>Transfers</i>	29,459	29,459	-
<i>Reserves</i>	1,399	-	1,399
<i>Total Uses</i>	837,266	794,111	43,155
<i>Available Ending Fund Balance</i>	205,469	247,630	42,161

* Includes an Encumbrance Balance of \$26.4 million

** After adjusting for a net-zero \$8.5 million of grant and reimbursement related revenue and expenditures not received or expended in 2006-2007, but rebudgeted over to 2007-2008, the revenue variance resulted in a surplus of \$7.2 million and the expenditures variance actually totaled \$34.7 million.

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RESULTS OF OPERATIONS IN THE GENERAL FUND (CONT'D.)

The actual 2006-2007 liquidation of carryover encumbrance amount was \$1.2 million and reflects encumbered appropriations liquidated by the Finance Department during the period between the release of audited 2005-2006 financial statements and the end of the 2006-2007 fiscal year. Liquidation of prior year encumbrances results in a reduction in the obligations against the fund balance. These funds then become available for reappropriation. The estimate to actual variance of \$0.2 million represents carryover encumbrance liquidations that occurred at a higher level than originally anticipated when formulating the fund balance estimate.

A detailed analysis of the significant variances between estimates and actuals for revenues, expenditures, transfers and reserves is provided in the following section.